

SEP 14 1988

ORIGINAL

Decision 88 09 G10 SEP 14 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
Sacramento Long Distance Network, )	
Inc., for a certificate of public )	Application 88-04-080
convenience and necessity to operate )	(Filed April 29, 1988)
as a reseller of telecommunications )	
services within California. )	

OPINION

This is an application in which Sacramento Long Distance Network, Inc. (applicant) seeks a certificate of public convenience and necessity authorizing it to operate an interLATA long distance telephone service in California.

Notice of the filing of the application appeared in the Commission's Daily Calendar on May 4, 1988. There are no protests. In a document furnished on July 14, 1988 which is designated as Exhibit 1, applicant furnished the requisite information needed for action herein.

The Commission makes the following findings and conclusion.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Applicant is a recently formed California corporation whose shareholders are as follows:

<u>Shareholder</u>	<u>Percentage of Stock Owned</u>
E. John Ruch	40.0%
David L. Moore	35.0%
Thomas D. Marchant	12.5%
Robert G. Marchant	8.5%
David Marchant	2.0%
Robert Shell Marchant	2.0%

3. Applicant seeks authority to operate as an interexchange carrier providing 24-hour interLATA long distance telephone service

between origination points in California to all points in the contiguous United States. Applicant seeks authority to originate and terminate interLATA calls throughout California. Initially it will provide service in the Los Angeles, San Francisco, and Sacramento areas. Applicant will provide service over facilities leased from other carriers.

4. Applicant will be operated primarily by Mr. E. John Ruch (Ruch) and Mr. David L. Moore (Moore). Ruch, who has a Masters degree in Business Administration from Kent State University in Ohio, spent many years as a computer consultant specializing in the transmission of data over telephone lines. Most recently he was in a supervisory position with U.S. Intel, a reseller of telecommunications services certificated by the Commission. Moore, who has been a Certified Public Accountant for more than 20 years and a member of the California Bar for 17 years, has spent the last five years serving as both a real estate broker and a specialist in mergers and acquisitions.

5. Applicant has provided a pro-forma balance sheet which indicates cash assets of \$75,100 as of April 14, 1988. A pro-forma income statement projects net losses for the first three months of operation and continually increasing net income thereafter.

6. Applicant has the ability, including financial ability, to conduct the proposed operations.

7. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

8. Public convenience and necessity require that the application be granted.

9. Applicant proposes to provide long distance service at rates which are competitive with, if not below, other interexchange carriers such as AT&T, MCI, and Sprint. A statement of proposed rates is attached to the application, but proposed tariff pages, which are not mandatory, were not provided. It is reasonable to

require that the initial tariffs filed by applicant be filed on not less than 15 days' notice before they become effective to allow time for appropriate review by the Commission Advisory and Compliance Division and other interested parties.

10. As a telephone corporation operating as a telecommunications service supplier, applicant should be subject to the 4% surcharge on gross intrastate interLATA revenues as established by Commission decisions and resolutions pursuant to PU Code § 879.

11. As a telephone corporation operating as a telecommunications service supplier, applicant should also be subject to the one-half percent (1/2%) surcharge on gross intrastate interLATA revenues to fund Telecommunications Devices for the Deaf. This surcharge becomes effective on October 1, 1988 as set forth in Resolution T-13005 dated July 22, 1988 and issued pursuant to PU Code § 2881.

12. Applicant should be subject to the user fee as a percentage of gross intrastate revenue pursuant to Public Utilities (PU) Code §§ 431-435. The fee is currently 0.1% for the 1988-89 fiscal year.

13. Because of the public interest in effective competition interLATA this order should be effective on the date of issuance.

#### Conclusion of Law

The application should be granted.

Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

ORDER

IT IS ORDERED that:

1. A certificate of public convenience and necessity to operate as a telephone corporation as defined in PU Code § 234 for the purpose of operating an interLATA long distance telephone service is granted to Sacramento Long Distance Network, Inc. (applicant) in accordance with the terms of the application, except as herein modified.

2. The authority granted in Ordering Paragraph 1 is subject to the condition that applicant refrain from holding out to the public the provision of intraLATA service and subject to the requirement that it advise its subscribers that intraLATA communications should be placed over the facilities of the local exchange company.

3. Applicant is authorized to file with this Commission, after the effective date of this order, on not less than 15 days' notice to the public and Commission, tariff schedules for the provision of interLATA service. Applicant may not offer service until tariffs are in effect. If applicant has an effective FCC-approved tariff, it may file a notice adopting such FCC tariff with a copy of the FCC tariff included in the filing. Such adoption notice shall specifically exclude the provision of intraLATA service. If applicant has no effective FCC tariffs, or wishes to file tariffs applicable only to California intrastate interLATA service, it is authorized to do so, including rates, rules, regulations, and other provisions necessary to offer service to the public. Such filing shall be made in accordance with General Order (GO) 96-A, excluding Sections III.G.5, IV, V, and VI, and shall be effective not less than 15 days after filing.

4. After the filing of initial tariffs, as provided for in Ordering Paragraph 3, applicant is authorized to deviate on an ongoing basis from the requirements of GO 96-A in the following

manner: (a) to deviate from paragraph II.C.(1)(b) which requires consecutive sheet numbering and prohibits the reuse of sheet numbers, and (b) to deviate from the requirements set forth in paragraph II.C.(4) that "a separate sheet or series of sheets should be used for each rule." Tariff filings incorporating these deviations shall be subject to the approval of the Commission Advisory and Compliance Division's Telecommunications Branch. Tariff filings shall reflect the 4% interim surcharge noticed in Ordering Paragraph 6.

5. The requirements of GO 96-A relative to the effectiveness of tariffs after filing are waived in order that changes in FCC tariffs may become effective on the same date for California interLATA service for those companies that adopt the FCC tariffs.

6. Applicant is subject to the 4% surcharge applicable to the gross revenues of intrastate interLATA services as established by Commission decisions and resolutions pursuant to PU Code § 879.

7. Effective on and after October 1, 1988, applicant is subject to a one-half percent (1/2%) monthly surcharge to fund Telecommunications Devices for the Deaf as outlined in Resolution T-13005 dated July 22, 1988 pursuant to PU Code § 2881.

8. Applicant is subject to the user fee as a percentage of gross intrastate revenue pursuant to PU Code §§ 431-435.

9. The corporate identification number assigned to Sacramento Long Distance Network, Inc. is U-5160-C which should be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.


10. The certificate of public convenience and necessity granted by this order shall expire on July 31, 1989, if applicant has not filed tariffs and commenced operations by that date.

This order is effective today.

Dated SEP 14 1988, at San Francisco, California.

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Victor Weisser, Executive Director